

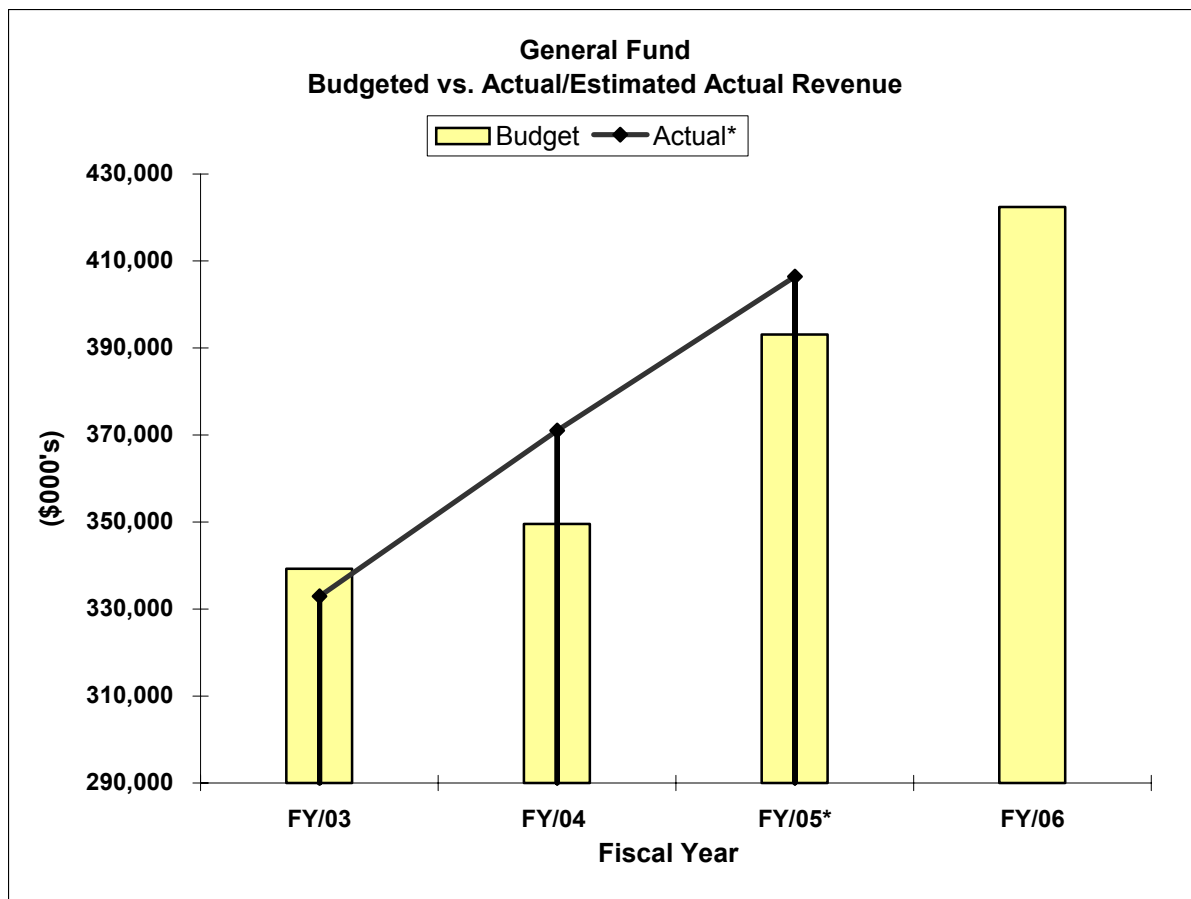
PRIOR YEAR REVENUE CHANGES

Revenues for FY/05 are estimated at \$406.4 million, up \$13.3 million from the approved FY/05 budget. The biggest change was increasing GRT revenue by \$12.3 million in the Five-Year Forecast. Five million dollars of the revenue is classified as non-recurring revenue from increases primarily in construction. The economy has recovered from the declines in FY/02, and very slow growth in FY/03 and FY/04. Employment growth in FY/05 is now above 2%. While not particularly strong historically, it is more than double the growth experienced in FY/04. Franchise revenues were buoyed by high natural gas prices, but limited by continued declines in revenue from the telephone franchise. QWEST continues to experience decreases in revenues as it loses customers to wireless. Growth in cable and telephone is limited by FCC ruling (upheld by the courts) that high-speed internet access is an educational service and is not subject to franchise tax.

Building permit revenue is expected to decline as interest rates increase. Year to date February revenues were down 2% compared to the same period in FY/04. This decline has happened quite rapidly. It is expected that commercial and multi-family permitting will help hold construction permitting revenues up to some extent.

Interest earnings increase over \$1 million as interest rates grew substantially in percent terms and fund balances were substantially higher. Fines and penalties increase, with the new dust ordinance, but this is expected to be mostly one-time money as people learn to comply with the ordinance.

Revenues from CIP funded projects are adjusted down from the approved budget, by \$305 thousand as projects didn't need as many staff as originally forecast.



*FY/05 is Estimated Actual